
OLR Bill Analysis

SB 1056 (File 609, as amended by Senate "A")*

AN ACT STREAMLINING CERTAIN PROCESSES AT THE DEPARTMENT OF CONSTRUCTION SERVICES CONCERNING CONSTRUCTION MANAGER AT-RISK PROJECT DELIVERY CONTRACTS, THE HIRING OF CONSULTANTS AND CONTRACTS FOR THE INSTALLATION OF PREFABRICATED BUILDINGS.

SUMMARY:

This bill makes several changes concerning the Department of Construction Services (DCS). It allows, for DCS construction manager at risk (CMR) projects that involve renovations of existing buildings or facilities, (1) certain work to begin before the project's guaranteed maximum price (GMP) is determined and (2) a separate GMP to be determined for each phase of a multi-phase project.

The bill specifically allows DCS to enter into "on-call" contracts with architects, professional engineers, and construction administrators "for a particular program involving various projects" for constructing or renovating buildings under the control of either the Military Department or the Department of Energy and Environmental Protection (DEEP). Under current law, DCS can enter into on-call contracts for a range of consultant services or a range of tasks pursuant to a task letter detailing the services to be performed.

Lastly, the bill allows DCS, in consultation with the Department of Administrative Services (DAS), to purchase property and services concerning the installation of prefabricated and pre-engineered buildings from a person who has a contract to sell such property and services to the federal government. (DAS already has the authority to purchase equipment and supplies from such individuals.) Under the bill, DCS, to the extent possible, must obtain at least three competitive proposals or price quotes when making such purchases.

*Senate Amendment "A" (1) requires that the cost of the pre-GMP work not exceed 25% of the cost of the entire project; (2) limits the awarding of the newly-authorized on-call contracts to (a) architects, professional engineers, and construction administrators and (b) DEEP and Military Department projects; and (3) eliminates a provision exempting these on-call contracts from existing law's selection process for these contracts.

EFFECTIVE DATE: July 1, 2013

CMR PROJECTS

By law, a CMR project cannot proceed until the GMP is determined, except for site preparation and demolition work for which contracts have previously been bid and awarded (see BACKGROUND). The bill allows, for CMR projects that involve renovations of existing buildings or facilities, public utility installation and connections and building envelope components (e.g., roof, doors, windows, exterior walls) to also begin before the GMP is determined, as long as they (1) have previously been bid and awarded and (2) do not cost more than 25% of the entire project's estimated construction cost. Additionally, the bill allows a separate GMP to be determined for each phase of a multi-phase project that involves renovating an existing building while it remains occupied. Under current law, one GMP is determined for the entire project.

The bill eliminates a requirement that the construction manager for a DCS-administered CMR project advertise, in one or more newspapers having general circulation in the state, bidding opportunities for project elements (i.e., trade packages) of a CMR project. Instead, it conforms the law to current practice by requiring that such opportunities be posted on the State Contracting Portal.

BACKGROUND

CMR Projects

In a CMR project, the owner (e.g., DCS) hires a firm with construction experience (the construction manager or "CM"), usually during a project's design phase, to manage the entire construction

process. The CM provides pre-construction services such as estimating costs, budgeting, reviewing constructability and suggesting construction alternatives, and scheduling. Once the design is finalized, the CM seeks competitive bids from subcontractors for each project element (e.g., electrical, mechanical, carpentry, roofing). Once the subcontractors' bids are received and verified for compliance with project requirements, scope, and specifications, the CM and the project owner negotiate and set a GMP for construction. The CM assumes the risk to complete the project within the GMP.

The GMP includes the CM's fee, the cost of the work, and contingency funds for the project. The CM is responsible for costs that exceed the GMP, excluding any work not included in the final GMP that the owner authorizes through a change order process.

On-Call Contracts

An on-call contract defines a broad range of consultant services (e.g., architectural services, professional engineers, accountants, and others) and is generally valid for two to three years. An on-call contract is generally not connected to a specific project; rather, DCS subsequently issues task letters to firms with on-call contracts that identify a specific scope of services to be performed and the fee for those services.

DCS must establish selection panels for evaluating consultant services proposals (including those for on-call contracts) if the value of the services exceeds \$300,000. The panels must submit a list of the most qualified firms to the DCS commissioner for his consideration.

Related Bill

sSB 889 (File 482), reported favorably by the Higher Education Committee, eliminates the newspaper advertising requirement concerning trade packages for UConn-administered CMR projects.

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable

Yea 14 Nay 0 (04/05/2013)